

Medicines and medical appliances are not taxed at the normal rate of 6.25%. These items are taxed at a lower rate of 1%. See 86 Ill. Adm. Code 130.310. (This is a GIL).

October 8, 2002

Dear Xxxxx:

This letter is in response to your letter dated July 15, 2002. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), which can be found on the Department's website at [www.revenue.state.il.us/Laws/regs/part1200/](http://www.revenue.state.il.us/Laws/regs/part1200/).

In your letter, you have stated and made inquiry as follows:

I am requesting a ruling on sales tax rates for products we offer. Following is a brief description of our company and our supplier with product information attached.

AAA offers capital equipment and disposable products for patient handling and care. BBB is the manufacturer. AAA orders for resale to resalers and end users to be drop shipped direct to customer from the manufacturer's plant in LOCATION. Customers are medical equipment suppliers (resale), nursing homes, assisted living centers both for profit and not-for-profit and hospitals. AAA takes receipt of a small amount of inventory as demonstrator equipment to be sold at a later date.

Capital equipment includes:

**Patient Lifts**

- Attach #1     Ultralift 2500X - for use with patients having no weight bearing ability in their legs. Designed to perform transfers to and from bed to chair, toilet and floor.
- Attach #2     Steady Aid 2500X - for use with patients having little weight bearing ability in their legs. Designed for perform seat to seat transfers.
- Attach #3     Titan - similar in use to the Ultralift with capacity of 1000 pounds for bariatric care.
- Attach #4     Electric Ceiling Lifts - for use in patient transfers similar to the Ultralift but from a rail mounted from the ceiling rather than a floor mobile lifter.
- Attach #5     Skyhook - Electric swivel lift for use similar to Electric Ceiling Lift and Ultralift.

Attach #6 TR9650 - Chair/Stretcher Bath Lift - Used to transfer from floor or bed. Main use is as a lift to transfer to a bath.

Attach #7 TR3000 - Shower trolley - Used to transfer and shower patients.

### **Patient Lifter Slings**

Attach #8 Slings and Harnesses are used with the Ultralift, Steady Aid, Titan, Electric Ceiling and Skyhook lifts to support the patient during the transfer process.

### **Tubs**

Attach #9 Standard tubs used for patient bathing, wound cleansing, and hygiene care.

Whirlpool tubs used for patient bathing, wound cleansing, hygiene care and therapy.

### **Disposable Products**

Attach #10 Soaps, cleansers, bath oils used for patient care.

Disinfectants used to prevent cross contamination.

Products and descriptions may also be viewed at [NAME](#). Thank you for your attention to this matter. If you have any questions please call or write to the number and address below.

All gross receipts from sales of tangible personal property in Illinois are subject to Retailers' Occupation Tax unless an exemption is specifically provided. Medicines and medical appliances are not taxed at the normal rate of 6.25%. These items are taxed at a lower rate of 1%. See the enclosed copy of 86 Ill. Adm. Code 130.310. Items subject to this lower tax rate include prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing utensils, syringes, and needles used by diabetics, for human use.

A medical appliance is defined as an item that is intended by its manufacturer for use in directly substituting for a malfunctioning part of the body. See part (c) of Section 130.310. Medical devices that are used for diagnostic or treatment purposes do not qualify for the lower tax rate. Generally, medical tools, devices and equipment used for diagnostic, rehabilitative and treatment purposes do not qualify for the reduced rate of tax for medical appliances as such items, while being used for treatment of patients, are not directly substituting for a malfunctioning part of the body. See 86 Ill. Adm. Code 130.310(c).

Wheelchairs and walkers qualify for the low rate of tax. However, hospital beds, patient lift systems, bed trapezes, and shower/commode chairs do not generally qualify for the low rate. In order to qualify for the low rate of tax as a medical appliance, the item must directly substitute for a malfunctioning part of the body. These items do not meet this requirement.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis  
Associate Counsel

MAJ:msk  
Enc.